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Korea, Republic of

Grain and Feed

TRQs on Hay

2002

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Report Highlights: Despite opposition from Korean dairy producers, Korea may reduce access for imported forages (including U.S. exports of grass hay) to address an oversupply of milk and encourage local rice producers to shift to forage production.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Seoul [KS1], KS

The Ministry of Agriculture and Forestry (MAF) has held internal discussions regarding a plan to reduce the amount of market access for imported forages in 2003. Under the plan, access for grass hay (including U.S. origin imports) would be reduced. There is opposition from Korea dairy producer representatives. However, even if MAF is able to overcome opposition and implement the plan, access would not be reduced below the minimum levels set during the Uruguay Round.

Currently, Korea imports grass hay within a tariff rate quota (TRQ) for "Forage Products" established under the Uruguay Round Agricultural Agreement (URAA) which covers:

H.S. 1214.90.1000	Fodder Roots
H.S. 1214.90.9090	Forage (excluding alfalfa meal, pellets and bales and fodder roots
H.S. 2308.90.9000	Other vegetable materials, vegetable waste, vegetable residue, and by products

In CY 2002, the URAA minimum Forage Product TRQ quantity was 29,277 MT with a 5 percent tariff rate. At the request of Korean dairy and beef cattle growers, the Korean Government set the quantity of the CY 2002 Forage Product TRQ at 489,500 metric tons; a level well above the minimum quantity required under the URAA. Within the CY 2002 TRQ, 434,000 MT are subject to a 2 percent tariff rate and 55,500 MT are subject to a 5 percent tariff rate.

Korea imported 385,505 MT under the Forage Product TRQ through the first nine months of CY 2002 comprised of 337,430 MT under HS 1214.90.9090 and 48,075 MT under HS 2308.90.9000. U.S. exports accounted for 70 percent of total trade within the Forage Product TRQ on the volume basis for the same period. Livestock producers expect continued strong demand for imported hay to continue into 2003.

However, The MAF plan would curtail Korean livestock producers' access to imported forages in an indirect attempt to 1) reduce the over-supply of milk and 2) support the Government's policy to encourage rice producers to shift to other crops. The rice policy would encourage producers to switch marginal land from rice cultivation to production of other crops including forages and grass. Animal producers and hay importers insist that logistics of moving local forage production into livestock feeding channels will substantially increase their cost of production. This would only exacerbate Korea's high cost of production for meat and dairy products vis-a-vis the world.

The MAF plan to reduce the Forage Product TRQ is scheduled to go through the interagency review process with the Ministry of Finance and Economy (MOFE) in November. The Korean government will release the 2003 tariff schedule for TRQs on the last day of December 2002 following final review of ministers and cabinet officials.

Table: Imports of Hay Products (Metric tons)

Description	CY 1998		CY1999		CY2000	
	Total	USA	Total	USA	Total	USA
Straw HS 121300000	4,156 (909)	275 (47)	13,645 (2,011)	1,481 (220)	14,473 (2,161)	861 (156)
Cubes and Pellets HS 1214100000	67,070 (10,567)	15,121 (2,728)	105,584 (12,666)	19,425 (2,686)	116,023 (15,319)	24,658 (4,259)
Fodder Roots * HS 1214901000	1,663 (205)	608 (95)	203 (24)	203 (24)	392 (39)	207 (28)
Alfalfa Bales HS 1214909010	21,919 (4,638)	18,607 (3,992)	65,310 (11,523)	54,815 (9,837)	97,784 (18,725)	85,233 (16,764)
Other * a/ HS 1214909090	58,226 (6,877)	46,031 (5,493)	127,534 (15,603)	99,973 (12,200)	336,536 (51,882)	282,654 (43,663)
Other * b/ HS 2308909000	18,877 (2,035)	40 (33)	27,475 (3,066)	6,892 (954)	31,152 (3,407)	8,154 (882)

Figures in parenthesis represent import value in \$000

* denotes items under TRQs

a/ Forage (excluding alfalfa meal, pellets and bales and fodder roots

b/ Other vegetable materials, vegetable waste, vegetable residue, and by products

Table: Imports of Hay Products (Metric tons)

Description	CY 2001		CY2002(Jan-Sep)	
	Total	USA	Total	USA
Straw HS 121300000	4,938 (899)	37 (17)	2,942 (617)	62 (9)
Cubes and Pellets HS 1214100000	80,921 (12,083)	17,031 (3,281)	30,166 (4,951)	5,706 (1,169)
Fodder Roots* HS 1214901000	20 (1)	0	0	0
Alfalfa Bales HS 1214909010	83,532 (17,669)	77,741 (16,591)	78,814 (17,500)	74,632 (16,643)
Other * a/ HS 1214909090	378,828 (66,411)	311,440 (52,876)	337,430 (58,811)	265,283 (44,179)
Other * b/ HS 2308909000	48,287 (4,773)	5,016 (501)	48,075 (4,339)	1,520 (165)

Figures in parenthesis represent import value in \$000

* denotes items under TRQs

a/ Forage (excluding alfalfa meal, pellets and bales and fodder roots

b/ Other vegetable materials, vegetable waste, vegetable residue, and by products

Korea: 2002 Hay Import Tariff Rate

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Commodity	In-Quota				Out-of-Quota Rate
	Market Access Quota		Temporary Quota		
	Volume	%	Volume	%	%
Fodder Roots 1214.90.1000	29,277 MT	5	434,000 MT at 2 % and 55,500 MT at 5 %.		102.7
Others a/ 1214.90.9090		5			102.7
Others b/ 2308.00.9000		5			47.4

a/ Forage (excluding alfalfa meal, pellets and bales and fodder roots)

b/ Other vegetable materials, vegetable waste, vegetable residue, and by products

Source: Korea Customs Service (KCS)

Korea: 2003 Tariff Schedule of Hay Import

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Commodity	In-Quota				Out-of-Quota Rate
	Market Access Quota		Temporary Quota		
	Volume	%	Volume	%	%
Fodder Roots 1214.90.1000	30,705.1 MT	5	To be announced at the end of December, 2002.		101.6
Others a/ 1214.90.9090		5			101.6
Others b/ 2308.00.9000		5			46.9

a/ Forage (excluding alfalfa meal, pellets and bales and fodder roots)

b/ Other vegetable materials, vegetable waste, vegetable residue, and by products

Source: Korea Customs Service (KCS)